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CACI INC. - COMMERCIAL

Case No. 96-02

2/ The relevant events occurred in 1991 and 1992. The governing Regulations are found in the 1991 and 1992 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1991 and 1992)). Those Regulations are referred to hereinafter as the former Regulations. Since that time the Regulations have been reorganized and restructured; the restructured regulations are to be codified at 15 C.F.R. Parts 730-774.

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("CACI"), a domestic concern resident in the State of Virginia, based on the allegations set forth in the Proposed Charging Letter, dated February 24, 1997, attached hereto and incorporated herein by this reference;

The Department and CACI, having entered into a Settlement Agreement, incorporated herein by this reference, whereby they have agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;


IT IS THEREFORE ORDERED THAT,

FIRST, CACI shall pay a \$15,000 civil penalty to the Department, in complete settlement of this matter, within forty five days of the service of this Order, when entered, as specified in the attached instructions;

SECOND, as authorized by Section 11(d) of the Act, the timely payment of the civil penalty assessed herein is hereby made a condition of the granting, restoration or continuing validity of any export license, permission or privilege granted, or to be granted, to CACI. Accordingly, if CACI should fail to pay in a timely manner the civil penalty assessed against it, the undersigned will enter an Order under the authority of Section

11(d) of the Act denying all of CACI's export privileges for a period of one year from the date of the entry of this Order; and

THIRD, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public and a copy of this Order shall be served upon CACI. This Order, which constitutes the final agency action in this matter, is effective immediately.


John Despres
Assistant Secretary
for Export Enforcement

Entered this 20 day of FEBRUARY, 1997.

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INSTRUCTIONS FOR PAYMENT OF CIVIL PENALTY

1. The check should be made payable to:

U. S. Department of Commerce

2. The check should be sent to:

Mr. Jack Floyd
Room H-6622
Export Enforcement Team
Bureau of Export Administration
U.S. Department of Commerce
14th Street & Constitution Ave., NW.
Washington, D.C. 20230

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UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

In the Matter of

CACI Inc. - Commercial

Case No. 26-02

SETTLEMENT AGREEMENT

This agreement is made by and between CACI Inc. - Commercial ("CACI") and the United States Department of Commerce, pursuant to Section 766.18 of the Export Administration Regulations (15 C.F.R. Parts 768-799 (1995), as amended (61 Fed. Reg. 12714 (March 25, 1996)))¹ (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)))² (the "Act").

¹ The relevant events occurred in 1991 and 1992. The governing Regulations are found in the 1991 and 1992 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1991 and 1992)). Those Regulations are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations are to be codified at 15 C.F.R. Parts 730-774.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§1701-1706 (1991 & Supp. 1996)).



WHEREAS, the Office of Antiboycott Compliance, Bureau of Export Administration, U.S. Department of Commerce ("Department"), has notified CACI of its intention to initiate an administrative proceeding against it pursuant to Section 11(c) of the Export Administration Act of 1979 (the "Act"), by issuing the Proposed Charging Letter, dated February 24, 1997, a copy of which is attached hereto and incorporated herein by this reference, alleging that CACI violated Part 769 of the former Regulations, promulgated to implement the Act;

WHEREAS, CACI has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it, if the allegations were found to be true; CACI fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and CACI states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, CACI wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, CACI agrees to be bound by the appropriate Order ("Order") when entered;

NOW THEREFORE, CACI and the Department agree as follows:

1. Under the Act and the Regulations, the Department has jurisdiction over CACI with respect to the matters alleged in the Proposed Charging Letter.
2. In complete settlement of all matters set forth in the Proposed Charging Letter, CACI shall pay to the Department, within 45 days of service upon it of the appropriate Order, when entered, the sum of \$15,000.
3. CACI recognizes the special challenges and exceptional circumstances of its work as a government contractor. CACI acknowledges that it should not have acquiesced in nor carried out the order, which is the subject of the allegations, just because it originated from, and was reinforced on repeated occasions by, the United States Department of Justice and the United States Air Force. CACI agrees it was mistaken to follow orders from two federal government agencies on the assumption that federal government agencies would not require CACI to act in unlawful compliance with an unsanctioned foreign boycott.
4. CACI agrees to undertake, to the extent it has not already done so, measures to ensure its future compliance with the Act and Regulations. CACI will notify its employees that compliance with the Regulations is required regardless of the difficulty,

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inconvenience, costs or other concerns of proceeding with a course of action.

5. Subject to the approval of this Settlement Agreement, pursuant to paragraph 10 hereof, CACI waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:

- a. an administrative hearing regarding the allegations in the Proposed Charging Letter;
- b. request a refund of the funds paid by CACI pursuant to this Settlement Agreement and the Order, when entered;
or
- c. seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.

6. The Department, upon entry of the Order, will not subsequently initiate any further administrative or judicial proceedings, or make any referral to any agency of the United States government for possible enforcement action against CACI, with respect to

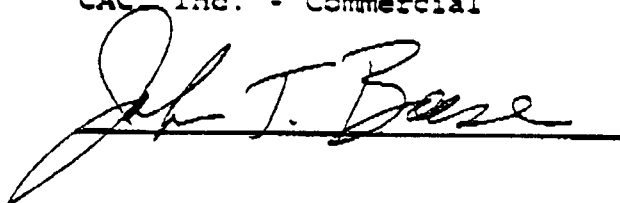
any alleged violation of Section 8 of the Act or Part 769 of the former Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by the Department in the course of its investigation.

7. CACI understands that the Department will disclose publicly the Proposed Charging Letter, this Settlement Agreement and the Order, when entered.
8. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by CACI that it has violated the former Regulations or an admission of the truth of any allegation contained in the Proposed Charging Letter or in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, the Department may not use this Settlement Agreement against CACI in any administrative or judicial proceeding.
9. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement serve to

bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed.

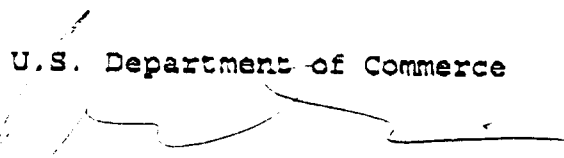
10. This Settlement Agreement will become binding on the Department only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

CACI Inc. - Commercial



Signed this 26th day of February, 1997

U.S. Department of Commerce


William V. Skidmore
Director
Office of Antiboycott Compliance

Signed this 26th day of February, 1997.



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UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

PROPOSED CHARGING LETTER

February 24, 1997

CACI Inc. - Commercial
1100 North Glebe Road
Arlington, Virginia 22201

Case No. 96-02

Gentlemen/Ladies:

The Office of Antiboycott Compliance, Bureau of Export Administration, United States Department of Commerce (hereinafter the "Department"), hereby charges that CACI Inc. - Commercial (hereinafter "CACI") committed three violations of Section 769.2(b) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter the "Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (hereinafter the "Act"),² as set forth below.

¹ The relevant events occurred in 1991 and 1992. The governing Regulations are found in the 1991 and 1992 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1991 and 1992)). Those Regulations are referred to hereinafter as the former Regulations. Since that time the Regulations have been restructured and reorganized; the restructured Regulations are to be codified at 15 C.F.R. Parts 730-774.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).



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At all times relevant to the violations of the former Regulations alleged herein, CACI was a corporation organized under the laws of a state of the United States and, as such, was a United States person as defined in Section 769.1(b) of the former Regulations.

With respect to the violations alleged herein, CACI engaged in activities that involved the sale, purchase, or transfer of goods or services (including information) between the United States and the Kingdom of Saudi Arabia, activities in the interstate or foreign commerce of the United States as defined in Section 769.1(d) of the former Regulations.

CACI engaged in the prohibited activities described in Charges 1 through 3 below with intent to comply with, further, or support a restrictive trade practice or boycott fostered or imposed by a foreign country against a country friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation (hereinafter "unsanctioned foreign boycott"), as defined in Section 769.1(e) of the former Regulations.

Facts constituting violations:

Charge 1

Beginning in or about August, 1991, CACI was engaged in activities in connection with performance of a contract with the U.S. Department of Justice (hereinafter "Justice"). Part of CACI's contract performance included providing document acquisition and other litigation support to Justice in connection with Justice's representation of the Department of the Air Force in contract litigation.

As part of its litigation support responsibilities, CACI had to arrange to film several million pages of documents in Saudi Arabia, which necessitated sending a team of people to Riyadh for several months. This microfilming project in Saudi Arabia came to be known as "Desert Shoot."

On or about November 19, 1991, David Andrew, CACI Document Center Manager and a member of his staff met with Jane Hadden, an employee of Justice's Office of Litigation Support in the Civil Division and Case Manager for the contract litigation matter (hereinafter "Hadden") and two Department of the Air Force representatives (hereinafter the "USAF") to discuss and plan for "Desert Shoot."

In the course of the November 19, 1991 meeting, the USAF provided information about travel to Saudi Arabia and about the criteria to be used for selecting the team of United States persons who would go to Saudi Arabia ("the Desert Shoot Team"). In describing who could not go to Saudi Arabia, the USAF instructed Hadden and the CACI managers that Jewish people were not allowed to go to Saudi Arabia and that even people with surnames that sounded

like Jewish surnames could not go to Saudi Arabia. Neither Hadden nor the CACI managers questioned or objected to the USAF instruction.

On or about November 22, 1991, a CACI manager wrote a memorandum to Andrew memorializing the items USAF had identified to be considered in the process for selecting the Desert Shoot Team. This memorandum included the restriction on Jewish and Jewish surnamed individuals.

In the weeks following the meeting, CACI drafted a plan for the conduct of the Desert Shoot microfilming project, which evolved from this memorandum of November 22, 1991. This plan became known as the "Operations Plan for Desert Shoot." From on or about December 19, 1991 through on or about April 6, 1992, CACI prepared several drafts of this Plan, each of which included criteria for selecting the Desert Shoot Team that restricted Jewish people and people with so-called Jewish surnames from inclusion on the Desert Shoot Team. These drafts, and in particular the restriction on Jewish and so-called Jewish surnamed people, were reviewed by Justice.

On or about January 14, 1992, CACI prepared an Operations Plan which, after incorporating the comments and receiving the approval of Justice, contained, inter alia, the language quoted below:

SCREENING/SELECTION PROCESS

Background: The screening/selection process is probably the most crucial step in the entire deployment process. The individuals selected will not only be representing CACI, but the United States Government, the United States Air Force and the Department of Justice. CACI can not afford to send anyone to Saudi Arabia who may potentially embarrass any of the agencies mentioned much less himself/herself.

I. SELECTION CRITERIA

* * *

- E. No Jews or Jewish surnamed personnel will be sent as part of the Document Acquisition Team because of cultural differences between Moslems and Jews in the region.
- F. No Israeli stamped passport, as per Saudi rules.

By incorporating the discriminatory selection criterion described above into the Operations Plan, CACI knowingly agreed to discriminate against "Jews" or "Jewish surnamed personnel," individuals who are United States persons, on the basis of religion or national origin, an activity prohibited by Section 769.2(b) of the former Regulations and not excepted. By so doing CACI violated Section 769.2(b) of the former Regulations.

Charge 2

During 1991, CACI compiled an initial list of employees from another contractor as candidates for the Desert Shoot project. At the time CACI compiled the list, CACI was aware of the selection criteria in the Desert Shoot Operations Plan, which included the discriminatory "no Jews or Jewish surnamed individuals" restriction.

Subsequently, CACI met with the candidates from the other contractor and explained the selection criteria described in the Desert Shoot Operations Plan. On January 24, 1992 and on February 7, 1992, CACI conducted a total of 24 interviews at the other contractor. The selection of eight of these employees was finalized during April 1992. CACI used the Desert Shoot Operations Plan selection criteria in screening and selection of these candidates for the project.

As part of the selection process, Andrew and Hadden screened candidates at the other contractor. During the screening, selection, and referral process, Andrew and Hadden were aware of and applied the Desert Shoot Operations Plan selection criteria, including the "no Jews" restriction, to the prospective candidates.

By using the discriminatory selection criterion described in Charge 1 above, CACI did not consider and employ qualified U.S. persons who were Jewish or had so called "Jewish surnames" for work on the Desert Shoot project in Saudi Arabia. Such refusal was a prohibited boycott-based discriminatory action against U.S. persons on the basis of religion, an activity prohibited by Section 769.2(b) of the former Regulations and not excepted. By so doing CACI violated Section 769.2(b) of the former Regulations.

Charge 3

During 1992, CACI managers solicited volunteers for the Desert Shoot team, interviewed volunteers from CACI and another contractor's staff, and prepared lists of volunteers which they sent to Justice.

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On or about January 17, 1992, one or more CACI managers spoke with a CACI employee, a citizen and resident of the United States, who had volunteered for the Desert Shoot Team and whose name appeared on several lists of CACI volunteers. In the course of these conversations, CACI managers learned that this candidate was Jewish. Subsequently David Andrew spoke with this candidate and told him that he could not be a member of the Desert Shoot team because he was Jewish.

On or about January 24 and February 10, 1992, CACI provided Justice with additional, revised lists of CACI staff proposed to be members of the Desert Shoot team. The name of the candidate who was Jewish did not appear on either of these lists.

By denying this candidate the opportunity to go to Saudi Arabia because he was Jewish, CACI discriminated against a United States person on the basis of religion or national origin, an activity prohibited by Section 769.2(b) of the former Regulations and not excepted. By so doing CACI violated Section 769.2(b) of the former Regulations.

Accordingly, an administrative proceeding is instituted against CACI pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

- a. Denial of export privileges (see Section 764.3(a)(2) and Sections 738A.3(a)(1) and (2) of the Regulations);
- b. Exclusion from practice (see Section 764.3(a)(3) and Section 738A.3(a)(3) of the Regulations); and/or
- c. The maximum civil penalty of \$10,000 per violation (see Section 764.3(a)(1) and Section 788A.3(a)(4) of the Regulations).

If CACI fails to answer the charges contained in this letter within 30 days after service, as provided in Section 766.6 of the Regulations, its failure will be treated as a default under Section 766.7.

CACI is further notified that it is entitled to an agency hearing on the record as provided by Section 766.6 of the Regulations if a written demand for one is filed with its answer. CACI is also entitled to be represented by counsel and, under Section 766.18 of the Regulations, to seek a consent settlement.

CACI's answer should be filed with the Administrative Law Judge/Antiboycott Compliance, U.S. Department of Commerce, Room H-6839, 14th Street & Constitution Avenue, N.W., Washington, D.C. 20230. In addition, a copy of CACI's answer should be served on

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the Department at the address set out in Section 766.5 of the Regulations, adding "ATTENTION: Jeffrey E.M. Joyner, Esq." below the address. Please note that the room number for the Department is H-3839. Mr. Joyner can be contacted by telephone at (202) 482-5311.

Sincerely,

William V. Skidmore
Director